

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15 USIA-15

ACDA-19 IO-15 SAJ-01 TRSE-00 MBFR-04 EB-11 DRC-01

/148 W

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R 290809Z SEP 73

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 7799

SECDEF WASHDC

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

USMISSION NATO BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USCINCEUR

CINCUSAREUR

CINCUSAFE

CINCUSNAVEUR

C O N F I D E N T I A L COPENHAGEN 2419

E.O. 11652 GDS

TAGS: PINT, PGOV, DA

REF: A. COPENHAGEN 2393

B. COPENHAGEN 2225

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SUBJ: NEW JORGENSEN GOVT-POLITICAL
ASSESSMENT

SUMMARY. RECONSTRUCTION OF ANKER JORGENSEN'S SOCIAL DEMOCRATIC GOVT SEPTEMBER 28 EXPECTED TO HAVE LITTLE EFFECT ON GOVT POLICY IN THE SHORT TERM. IN A LONGER PERSPECTIVE IT PORTENDS A MORE IDEOLOGICAL TURN IN GOVT POLICY, A SHIFT IN STANCE THAT SHOULD, HOWEVER, BE RESTRAINED UNTIL AT LEAST THE NEXT ELECTION BY GOVT'S PAPER-THIN MAJORITY AND BY DIFFICULT ECONOMIC PROBLEMS FACING DENMARK. END SUMMARY.

1. A CENTRAL ISSUE IN ASSESSING GOVT CHANGES IS THE EXTENT TO WHICH IT AUGURS A SHIFT TO THE LEFT IN GOVT POLICY, AS MOST OBSERVERS CLAIM. THE ADDITION OF TWO LEFT-WING MINISTERS, RITT BJERREGAARD IN EDUCATION, THE THIRD WOMAN MINISTER IN THE CABINET, AND KARL HJORTNAES IN JUSTICE, AND THE ELEVATION OF ANOTHER, KNUD HEINESSEN, TO THE IMPORTANT POST OF BUDGET MINISTER, TOGETHER WITH THE TRANSFER OF A MODERATE, ORLA MOLLER, FROM HIS POWERFUL POSITION AS PARTY FLOOR LEADER TO THE LESS CENTRAL POSITION (IN DENMARK) OF DEFENSE MINISTER, CERTAINLY CONSTITUTES A SHIFT IN THE COMPOSITION OF THE GOVT IN FAVOR OF THE PARTY'S LEFT WING. IN EFFECT, JORGENSEN HAS REMADE THE GOVT IN HIS OWN IMAGE. BY RESHUFFLING AT LEAST EIGHT OF THE TWENTY MINISTERIAL POSTS, THE PRIME MINISTER HAS DISPELLED THE NOTION THAT HE WAS MERELY PRESERVING THE JENS OTTO KRAG GOVT-- AND THIS WAS UNDOUBTDLY AN IMPORTANT MOTIVATION FOR JORGENSEN'S ACTION.

2. MOREOVER, THE RECONSTRUCTION BRINGS INTO POSITIONS OF PROMINENCE REPRESENTATIVES OF THE PARTY'S YOUNGER GENERATION, THE MAJORITY OF WHICH IS IN THE PARTY'S LEFT WING. IN GENERAL, THE RECONSTRUCTION REFLECTS THE SAME GENERATION SHIFT OCCURRING THROUGHOUT SCANDINAVIAN SOCIAL DEMOCRACY.

3. FOR THE IMMEDIATE FUTURE, HOWEVER, UNTIL THE RESTRAINTS OF A PAPER-THIN MAJORITY IN PARLIAMENT AND OF AN ECONOMIC SITUATION WHICH REQUIRES CONTINUAL PARING OF GOVT EXPENDITURES ARE ALTERED, THE RECONSTRUCTION WILL HAVE, IN THE EMBASSY'S OPINION, LITTLE REAL EFFECT ON THE GOVT'S BASIC POLICIES. ALTHOUGH DANISH POLICY TOWARD THE EC MIGHT COME UNDER CLOSER (AND MORE UNFRIENDLY) SCRUTINY, OPPOSITION TO THE EC AMONG SOCIAL DEMOCRATS HAS CHANGED

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CHARACTER OVER THE PAST YEAR AND THE AGREEMENT REACHED AT THE PARTY CONGRESS LAST WEEK (REFTEL B) REPRESENTS A COMPROMISE THAT MOST OBSERVERS INTERPRET AS HAVING RESOLVED THE DIVISION WITHIN THE PARTY ON THAT ISSUE.

4. WITH RESPECT TO SPECIFIC POLICY ISSUES, THE APPOINTMENT OF ORLA MOLLER AS DEFENSE MINISTER IS A DISTINCT PLUS. A SOLID FRIEND OF NATO, MILLER IS CLEARLY THE BEST OF THE CANDIDATES MENTIONED FOR

THAT POST. ALTHOUGH THE BASIC PARAMETERS OF DEFENSE POLICY HAVE BEEN SETTLED BY THE FOUR-PARTY DEFENSE COMPROMISE, MOLLER WILL BE AN ASSET IN PROCUREMENT AND PERSONNEL QUESTIONS NECESSARY TO IMPLEMENT THAT POLICY TO THE FULLEST. HE WILL, MOREOVER, BE ACCEPTABLE TO THE MILITARY LEADERSHIP.

5. HOUSING. THE MAJOR ECONOMIC REFORM LOOMING AHEAD IN THE COMING FOLKETING SESSION IS HOUSING POLICY, A MATTER ON WHICH THE OPPOSITION HAS THUS FAR FORCED THE GOVT TO DEPEND SOLELY UPON THE LEFTIST SOCIALIST PEOPLE'S PARTY (SF). ALTHOUGH SVEND JAKOBSEN APPEARS TO BE THE WEAKEST LINK IN THE NEW GOVT, HIS APPOINTMENT AS HOUSING MINISTER HAS BEEN WELCOMED BY THE OPPOSITION AS INDICATING THE POSSIBILITY OF A NEW APPROACH TO A FOUR-PARTY CONSENSUS ON HOUSING POLICY.

6. EDUCATION. THE MAJOR STRUCTURAL REFORM OF THE DANISH EDUCATIONAL SYSTEM WAS PUT OFF INDEFINITELY DURING THE LAST FOLKETING SESSION DUE TO BUDGETARY RESTRICTIONS. THUS BJERREGAARD'S TASK WILL PRIMARILY CONSIST OF FINDING NEW SOURCES OF SAVINGS WITHIN EDUCATIONAL BUDGET RATHER THAN ATTEMPTS TO REFORM THAT SYSTEM.

7. ECONOMIC POLICY. AN IMPORTANT ASPECT OF THE RECONSTRUCTION IS THE NEW DIVISION OF RESPONSIBILITIES FOR ECONOMIC MATTERS. ON THE DOMESTIC SIDE THE VETERAN PER HAEKKERUP WILL DETERMINE OVERALL ECONOMIC POLICY WITH FINANCE MINISTER HENRY GRUNBAUM AND BUDGET MINISTER HEINESEN IMPLEMENTING THAT POLICY ON, RESPECTIVELY, THE INCOME AND OUTFLOW SIDES. THUS DIVISION OF HAEKKERUP'S MINISTRY DOES NOT APPARENTLY SIGNIFY REDUCTION OF HIS ROLE. HE HAS BEEN PRIMARY NEGOTIATOR WITH GOVT'S TROUBLSOME PARLIAMENTARY SUPPORT PARTY, THE SF, AND RELIEF FROM BUDGET AND WAGE NEGOTIATIONS FUNCTIONS WILL PERMIT HIM TO PLAY GREATER ROLE IN THAT AREA.

8. FINALLY, IT IS WORTH NOTING THAT THE ONE-VOTE MAJORITY THE GOVT
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DEPENDS UPON AND THE SERIOUS ECONOMIC PROBLEMS IT FACES IN THE TWO YEARS BEFORE MANDATORY ELECTIONS IN SEPTEMBER 1975 WILL TEND TO RESTRICT ITS FREEDOM TO INITIATE NEW DEPARTURES IN POLICY AND LIMIT ITS PROGRAM LARGELY TO A PRAGMATIC DEFENSIVE EFFORT TO STAY IN OFFICE. IT SHOULD BE NOTED IN THIS CONNECTION THAT THE NEW LEFT-WING REPRESENTATIVES IN THE RECONSTRUCTED CABINET HAVE BEEN ASSIGNED PERIPHERAL MINISTRIES, WHILE THE CENTRAL POWER POSTS REMAIN IN THE TRUSTED, EXPERIENCED HANDS OF HAEKKERUP, GRUNBAUM, ERLING JENSEN, EGON JENSEN, IVAR NORGAARD AND K.B. ANDERSEN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COALITION GOVERNMENT, PARTY DISSENSION
Control Number: n/a
Copy: SINGLE
Draft Date: 29 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973COPENH02419
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS CROWE
Errors: N/A
Film Number: n/a
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973091/aaaaaans.tel
Line Count: 165
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. COPENHAGEN 2393
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Sep-2001 by rowellE0>; APPROVED <24-Sep-2001 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW JORGENSEN GOVT-POLITICAL ASSESSMENT
TAGS: PINT, PGOV, DA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005